

# CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

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March 4, 2014

**Written testimony of Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF), Inc. in Support of S.B. No. 253 (RAISED) AN ACT CONCERNING TEMPORARY NURSING HOME BED REDUCTIONS.**

Good afternoon Senator Slossberg, Representative Abercrombie and to the members of the Human Services Committee. My name is Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF), our state's one hundred and sixty-seven (167) member trade association of skilled nursing facilities and rehabilitation centers. Thank you for this opportunity to offer testimony this afternoon in support of S.B. No. 253 (RAISED) AN ACT CONCERNING TEMPORARY NURSING HOME BED REDUCTIONS.

This legislation will accelerate the state's long term care rebalancing goals, while improving resident care and maintaining the viability the skilled nursing facilities facing low census. The bill accomplishes these policy goals by providing for the temporary or permanent de-licensing of nursing home beds. This program has been modeled after a similar program in Rhode Island and has been modified to fit Connecticut's needs.

The policy advanced in the bill would allow a facility to temporarily remove currently licensed beds from service. The beds must remain unlicensed for a minimum of six months. The beds would be available for transfer or sale in accordance with existing Connecticut law (17b-354 CGS). In order for beds to be temporarily de-licensed and have the facility qualify for a rate increase, the facility's utilization and the overall utilization in a specified geographical area must be able to absorb the reduction within current vacancies.

The bill would allow eligible nursing facilities to operate much more efficiently and cost effectively, thereby assuring stability in the delivery of skilled nursing facility services in our region, but at the desired lower bed capacity. At once, the bill will advance the state's rebalancing policy goals because the supply of nursing facilities beds will be de-licensed temporarily, and in many cases permanently, unless the need for the reinstatement of beds can be demonstrated.

Specifically, a facility would be able to request a rate adjustment from DSS under the following parameters:

- Facilities would be required to reduce a certain percentage of current licensed bed capacity from service.
- The facility would petition DSS for a rate increase to account for "fixed" costs that cannot be reduced based on lesser beds. These costs include:
  - Fair rent
  - Movable equipment depreciation
  - Real estate and property taxes

- Property and liability insurances
- Utilities (gas/oil/electric)
- Maintenance salaries
- Administrator and Administration salaries
- Medical Director fees
- Administrative and General (A&G) costs such as telephone, office, travel, advertising, accounting, etc.
- Maintenance costs such as service contracts, grounds keeping, trash removal etc.
- Director of Nurses, MDS staff (minimum data set) and Social Service salaries
- Other “variable” costs would not be considered for additional reimbursement.
- The rate increase may be limited.

In order for the beds to be relicensed, strict parameters must be met. If the beds are reinstated in the same facility, no certificate of need (CON) would be required. The transfer of beds to another facility would require a CON in accordance with existing CON law. There must also be a demonstrated need for the beds, which we recommend defining as follows: occupancy at the petitioning facility and overall utilization within a specified geographical range must be at 95% for a period of 90 days in order to petition to have the beds reinstated. Upon reinstatement, the Department of Public Health (DPH) would issue a new license and DSS would impose a rate reduction for “fixed” costs no greater than the increase received when the beds were de-licensed. In order for beds to be temporarily de-licensed and have the facility qualify for a rate increase, the facility’s utilization and the overall utilization in a specified geographical area must be able to absorb the reduction within current vacancies.

Our state can accelerate its rebalancing goals with this bill, while establishing a clear policy that provides an organized and stable approach to delivering high quality nursing facility services with fewer beds.

I would be happy to answer any questions you may have.

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